INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE (1991–2000)

SUMMARY

The Member States of the United Nations, at the 1990 General Assembly session, resolved to take all necessary measures to carry out a new ten-year international development strategy. This decision was made after they concluded that the objectives of the International Development Strategy for the Third United Nations Development Decade (1981-1990) had for the most part not been attained.

The principal aim of the new Strategy is to ensure that, by strengthening international co-operation, the 1990s will be a decade of increasingly rapid development in the developing countries. The Strategy sets out policies and measures that countries and the international community need to adopt to bring this about. To this end, it offers recommendations for action in a number of economic areas: external debt, development finance, international trade, commodities, science and technology, industrial policies and agriculture. It gives special instruction on ways to alleviate poverty, to develop each person's potential, to approach population problems, and to protect the environment through increased education and health.

For the Strategy to work, the international community will have to establish a favourable international economic environment and countries will have to follow through with a determination to carry out the recommendations. The special role and particular responsibilities of the United Nations are spelled out. And a process of review and evaluation of progress is an integral part of the Strategy.

TRENDS OF THE 1980s AND CHALLENGES OF THE 1990s

The 1980s was characterized as a decade of unsatisfactory progress and performance. Adverse and unforeseen developments in the world economy—recession, shrinking resource flows, declining commodity prices, rising interest rates, trade barriers, excessive debt, to name but a few—undermined economies and shrank overall growth in the developing countries to about 3 per cent annually, and per capita growth to 1 per cent, compared to averages of 5.5 per cent and 3 per cent, respectively, over the 1960s and 1970s. The gap between the rich and poor countries widened further.

Lamentably, UN projections indicate that the 1990s will be much like the last decade. Such a prospect is fraught with danger. Because of the increasing interdependence of nations, economic stresses and strains in any of them can aggravate not only their own political, economic, social and environmental problems but also those of others. Therefore, the prospects for the 1990s can—and must—be changed.

The Strategy is not a strict charter for action; it is flexible, as it must be to take account of unforeseen events. It seeks, above all, to spell out what nations have agreed are the major issues and challenges they face, the actions they are willing to take and the commitments they are willing to assume.

GOALS AND OBJECTIVES

As mentioned before, the Strategy's main objectives are to speed up the development of the developing countries and to strengthen international co-operation. Other aims include improving the standards of living significantly in the developing countries, reducing the gap between the rich and poor nations, increasing the number of men and women who help make economic and political decisions, and supporting political systems based on consent and respect for human, social and economic rights, as well as of systems of jus-

UNITED NATIONS

tice that protect all citizens. Each country is responsible for its own development policies and for the well-being of its citizens; thus it will adopt whatever policies accord with its own situation and conditions.

To achieve the decade's aims, six interrelated goals have been set:

- To speed up the pace of economic growth in the developing countries;
- To devise a development process that meets social needs, reduces extreme poverty significantly, develops and uses people's capacity and skills, and is environmentally sound and sustainable;
- To improve the international systems of money, finance and trade;
- To strengthen and stabilize the world economy and establish sound macro-economic management practices, nationally and internationally;
- To strengthen international co-operation for development;
- To make a special effort to deal with the particular problems of the least developed countries—the weakest of the developing nations.

POLICIES AND MEASURES

To make the Strategy work, developing countries themselves need to adopt, in each area of development, certain national policies and measures. At the same time, the developed countries must adopt measures, equally important, for international co-operation for development.

REACTIVATING DEVELOPMENT

The economic policy framework

Because the developed countries have the greatest influence on the international economic environment, they have a special responsibility for the success of development efforts. They must try to correct existing external and fiscal imbalances, promote non-inflationary sustainable growth, lower interest rates, stabilize exchange rates and make their markets more accessible. Of course, in carrying out these broad policies, they should take account of the interests and concerns of the developing countries.

Speeding up development will require strenuous efforts by the developing countries. They will have to increase domestic savings, raise investment and investment returns, hold down inflation, exercise monetary and fiscal discipline to promote price stability and external trade and payments balance, maintain realistic exchange rates, allocate resources more efficiently, and take advantage of opportunities for trade, investment and scientific and technological progress that open up. The role of the public sector—State-run or publicly owned businesses—in the development process is recognized as essential; barriers to its progress should be removed. At the same time, developing countries should stimulate the entrepreneurship and innovation that private ownership can provide. Their political institutions and legal systems should be improved, and they should promote the participation of people at all levels in the development process. Military spending should be reduced; the savings would be well spent on social and economic development.

Debt

Getting development moving again in many developing countries hinges on a quick and long-lasting solution to their external indebtedness problems. Innovative solutions need to be found and relief obtained early in the decade. Recent proposals put forward to reduce the amount and servicing costs of debt or to provide debt relief should be broadly put into practice.

Finding a solution to debt problems is the joint responsibility of both debtor and creditor countries, of commercial banks and of international financial institutions. Debtor countries have to try to be more efficient, adopting economic policies that will return them to the path of sustained growth. Creditor countries, for their part, are en-

couraged to review their tax policies, regulations and accounting practices to make it easier for debtor countries to reduce commercial debt and debt-servicing obligations. Financial institutions should continue to support schemes for that purpose—applying their guidelines with flexibility wherever necessary.

External finance for development

Money—in sufficient amounts, both domestic and external—is essential for spurring development. The developing countries need to increase domestic savings for investment purposes. Unfortunately, poor countries have few opportunities to increase savings. Their efforts have to be supplemented by external funds. Many trends of the 1980s—such as falling commodity prices, protectionism, tighter aid budgets and restricted commercial bank lending—did not favour the flow of external resources to these countries. This state of affairs will have to be reversed in the 1990s.

Previous International Development Strategies had set a target of 0.7 per cent of their gross national product as the official development assistance (ODA) goal that donor countries should try to attain. On average, only half that level was reached. To help the poorest countries, a range of ODA targets was adopted by the Second United Nations Conference on the Least Developed Countries in September 1990. The new Strategy urged countries to reach or surpass those targets.

New ways should also be explored to increase the flow of money to finance development. One way would be to devote to development some of the funds released by the disarmament process, currently gaining momentum. Some major developed countries also have payments surpluses; a part of those surpluses could be recycled to the developing countries.

Commercial bank lending needs to be resumed and banks need to change their lending policies and practices to help cushion borrowing countries against a recurrence of debt-service problems. Because it does not normally create debt, direct investment by foreign firms could become more important as a source of development finance. The multilateral financial institutions should be more involved in financing development in the 1990s. They should be enabled to play the broker's role between developing countries and the international capital market for which they were designed.

The integration of Eastern Europe into the world market, as well as new demands for resources resulting from their economic reforms, should be met without diverting the flows needed by developing countries.

International trade

The Strategy proposes that countries take the following actions and measures to accelerate international trade in the 1990s:

- Stand by their commitment to halt and reverse protectionism, as undertaken in the Punta del Este Declaration adopted by the Contracting Parties of the General Agreement on Tariffs and Trade (GATT) in Uruguay in 1986;
- Liberalize trade, and continue to improve developing countries' access for their exports to all markets by reducing and/or removing tariff and other barriers;
- Free up trade specifically in tropical products and products based on natural resources;
- Bring trade in textiles under the normal rules of GATT;
- Substantially reduce agricultural subsidies and other protective policies;
- Implement and improve the generalized system of preferences—under which some developing countries' exports are admitted to industrialized countries at reduced rates or duty-free, extend the number of products it covers, and adhere to its principles which discourage reciprocal demands and discrimination;
- Ensure that regional economic arrangements and trade blocs conform with GATT rules; they

should not impede the growth of world trade nor result in additional barriers to developing countries' exports;

- Make sure that GATT Contracting Parties adhere strictly to the Agreement's rules and principles.

Developing countries should liberalize their trade régimes, create trade opportunities and foster subregional and regional market arrangements among themselves. They should also promote faster industrialization, particularly by implementing the Global System of Trade Preferences, a multilateral trading system among the developing countries. The successful conclusion of the Uruguay Round for strengthening the international trading system—the latest of a series of trade negotiations within GATT—is crucial for progress in the 1990s.

Commodities

Depressed commodity prices, which lower developing countries' earnings, were an important factor in the slowing down of the development process in the 1980s. The new Strategy seeks to establish commodity markets that function better and are more open, stable and predictable. It encourages efforts to negotiate or renegotiate commodity agreements between producers and consumers to achieve those ends and to reflect long-term market trends.

Developing countries' economies need to be diversified. Their participation at more levels—in commodity processing, marketing and distribution stages—needs to be increased and they should be given greater access to markets for both primary and processed commodities. Financing schemes already in place that help to counteract variations in prices could be strengthened.

Science and technology

Sustained acceleration of the development process will not take place unless developing countries modernize their industrial and farming policies and methods. They must be able to take part in the progress made possible by advances in science and technology.

Developing countries must give high priority to raising their own native capacities and capabilities. They should develop not only traditional technology but should make use of innovations from abroad, modifying and adapting them to suit local conditions. They cannot do this if, when they seek access to other countries' advances in science and technology, they are shut out. If suitable terms and conditions can be arranged, commercial means of importing technology, including direct foreign investment, could be used for this purpose. Transfer of technology on concessional terms (with low interest rates or high grant elements) and on preferential terms (without reciprocal demands) are other avenues. Developing countries can also co-operate among themselves to develop science and technology.

The international community should look into ways the intellectual property system—which protects ownership of copyrights, trade marks, industrial design and patents—can promote economic and technological development, and ways that intellectual property can be better protected. Ongoing work on international rules and standards to govern the exchange of technological information—known as the code of conduct on the transfer of technology—should also be completed.

Industrial policies and measures

The promotion of industry is a major plank in the Strategy for the 1990s. This means restoring the manufacturing sectors of the many developing countries whose industries stagnated in the 1980s, and making greater use of their underutilized capacities. The target is to raise their rate of industrialization by 8 to 10 per cent.

Traditional means of achieving industrial progress are encouraged. These include investments,

improving and modernizing infrastructure, changing fiscal and monetary policies, building up managerial and technical skills, training, and improving the efficiency of the work-force. To achieve faster progress in industrialization, new directions in thinking may be called for:

- Efficiency should be improved in publicly owned industries;
- Private enterprise could make a greater contribution: entrepreneurship should be encouraged;
- Production for export should be encouraged where domestic markets are small and growth possibilties limited;
- Direct foreign investment can benefit both investors and the host country; it can provide additional resources and access to modern technologies, skills and markets;
- Openness and non-discrimination in international markets help developing countries to industrialize.

The objectives of the 1990s include the integration of the markets of developing countries, joint ventures, and programmes for training and upgrading skills.

Agriculture

Special focus during the decade must be placed on raising farm output and on strengthening food security and self-reliance in food. An annual growth rate of 4 per cent on average in food production would help underpin food security and support agro-industrial development. But success will often depend on the removal of key constraints. These vary greatly from country to country, but several broad measures that can be applied are recommended:

- The knowledge and skills of farmers must be improved. This calls for disseminating agricultural know-how more widely and using improved varieties of seed and stock, as well as for continued research. Adapting better methods and technologies with any hope of success depends on incentives, particularly the price incentive;
- Realistic prices that reflect market situations generally yield better results;
- Shortcomings in marketing, distribution and storage must be overcome;
- Farmers must be enabled to raise their productivity: this means they must have access to land and land tenure, irrigation facilities and other agricultural infrastructure and services, and a strong network of rural banking and credit;
- Agricultural success cannot be achieved in a vacuum; its links with progress in other sectors of the economy as well as with educational and health services and housing have to be taken into account;
- Policies to increase women's productivity and to involve them in key decisions must be adopted;
- Rural self-help programmes, schemes to bring together workers for community development, and projects to upgrade and maintain rural infrastructures are also important.

A number of steps can be taken at the international level: increasing financial investment in agriculture, granting technical assistance, assuring access to advances in biotechnology and genetic engineering, removing distortions in international agricultural trade, and reducing subsidies and other support programmes. Special importance is attached to the successful outcome of the Uruguay Round of GATT negotiations as they relate to agriculture, tropical products and natural resource-based products, with the expectation that they will take account of the needs of the net food-importing developing countries.

PRIORITY ASPECTS OF DEVELOPMENT

The need to strengthen the relationship between economic growth and human welfare is a principal theme of the Strategy. National efforts must reflect this aspect, but the international community needs to assist by giving financial and technical support.

Eradicating poverty and hunger

Eradicating poverty is a number-one priority. Economic progress should be distributed among as many people as possible. Special programmes should be drawn up to target the poor and vulnerable sections of the population not reached by this process.

One of the major ways to eradicate poverty is by generating jobs, which in turn generate incomes. In doing this, special attention should be given to the needs of women and children as well as to maternal and child health care and nutrition. In the long run, living standards will be raised and poverty eliminated only through economic growth.

The struggle against poverty is the shared responsibility of all countries. Member States must make every effort to meet four agreed goals during the decade: (1) to eliminate starvation and death caused by famine; (2) to reduce substantially malnutrition and mortality among children; (3) to reduce chronic hunger tangibly; and (4) to eliminate major nutritional diseases.

Human resource and institutional development

The development of human potential is closely linked to economic and technological improvement. While each country has to choose its own approach to developing human resources and institutions to accord with its own priorities, values, traditions, culture and stage of development, education and health deserve special attention.

In education, the following goals were set for the decade:

- Reducing adult illiteracy by at least one half;
- Providing access to basic education for everyone;
- Ensuring that at least 80 per cent of the world's people complete primary education.

To reach these goals, sufficient funds, personnel and other resources must be provided. The World Declaration on Education for All, adopted by the World Conference on Education for All,* held in Thailand in March 1990, must be speedily implemented. In a global environment rapidly changing as a result of advances in science and technology, emphasis needs to be placed on higher education, on vocational training, and on institutions to train skilled leaders. A way must be found, by changing policies and offering incentives, to keep skilled personnel in each country.

Primary health care and the prevention of chronic diseases also deserve special attention. So do projects to improve sanitation, drinking water and nutrition. Women's and children's health should also receive special attention: reducing the mortality and malnutrition rates for children under five years of age are two main targets—mortality by at least a third and malnutrition by a half. Maternal mortality rates should also be halved. As is the case for educators, mentioned above, more attention needs to be paid to building institutions and to the training and retention of skilled health personnel.

Developing countries, by co-operating with each other, can also promote human resource development. They need help in building up their institutions for training and higher education. The developed countries can provide investments, technical assistance and training facilities.

Population

A total world population increase of well over 20 per cent as well as an increase in the aging population are projected for the 1990s, even though population growth rates are beginning to decline in a number of developing countries. Population programmes should be integrated with economic goals and strategies.

The education of women, improved maternity and child care, and family planning services suited

---

* The Conference was sponsored by the United Nations Children's Fund, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization and the World Bank.

to the particular circumstances of individual countries should be further pursued. Aid to developing countries should be substantially increased; at they same time, those countries should intensify their efforts to fund population programmes adequately.

Environment

The current threat to the environment is the common concern of all. All countries are urged to take effective action to protect and improve the environment. This will depend, of course, on their respective capacities and responsibilities, and the specific needs of developing countries are to be taken into account. Because they are the major sources of pollution, the developed countries have the main responsibility for taking immediate measures. For their part, the developing countries cannot address the problems of the degradation and protection of the environment unless they have economic growth and development; more financial resources will have to be channelled to those countries. Ways to give to developing countries favourable access to environmentally sound technologies should be examined, including the granting of concessional and preferential terms. The goals set by the General Assembly in resolution 44/228 of 22 December 1989 for the 1992 United Nations Conference on Environment and Development need to be realized.

SPECIAL SITUATIONS, SUCH AS THE LEAST DEVELOPED COUNTRIES

The numer of countries designated by the General Assembly as "least developed" has increased from 24 in 1972 to 42 in 1990. These, the poorest developing countries, were hit hardest by economic reverses in the 1980s, and the measures the international community took to help them were not enough to offset the enormity of their difficulties.

The increasing deterioration of the economies of these countries needs to be halted. For this purpose, the programme of action adopted at the Second United Nations Conference on the Least Developed Countries in September 1990 should be implemented and the agreed ODA targets met. Special attention should be given to easing access for these countries' exports to major markets. More compensatory financing to make up for shortfalls in export earnings should be considered. Donors should offer these countries further debt forgiveness, and financial institutions are also urged to help alleviate their debt burden.

The special transportation and communications problems of the land-locked and island developing countries should also be tackled, along with their problems of limited internal markets and considerable vulnerability to environmental damage and natural disasters.

ROLE OF THE UNITED NATIONS SYSTEM

Virtually every aspect of the Strategy falls within the areas of concern of the United Nations system. The role of the United Nations is thus vital for elaborating and carrying out the Strategy, for promoting the necessary international co-operation and for providing technical assistance. Inter-agency co-operation and co-ordination should be strengthened. The United Nations Secretary-General is encouraged to continue his efforts to help solve the debt problems of developing countries.

REVIEW AND APPRAISAL

To ensure that the Strategy is effectively implemented, each country, as well as the organizations and other bodies of the United Nations system, is to undertake a process of review and appraisal of the Strategy. Even though procedures for continued monitoring, review and appraisal are already built into the system, the General Assembly is asked to carry out this process specifically for the Strategy, biennially through the Economic and Social Council. The Secretary-General is asked to submit recommendations on ways of assisting this process.

Published by the United Nations Department of Public Information
DPI/1107—February 1991—5M